

**STATEMENT OF
ROBERT H. BENMOSCHE
CHAIRMAN AND CHIEF EXECUTIVE OFFICER
METLIFE, INC.**

before the

HOUSE FINANCIAL SERVICES COMMITTEE

On

**“AMERICA’S INSURANCE INDUSTRY: KEEPING THE
PROMISE”**

SEPTEMBER 26, 2001

Statement of Robert H. Benmosche
Chairman and CEO of MetLife, Inc.

Good morning Mr. Chairman, Ranking member LaFalce, and members of the committee. My name is Bob Benmosche, and I am the Chairman and CEO of MetLife.

Thank you for holding this timely hearing. Our nation is still struggling to come to terms with the horrific events of September 11th, and the human toll remains foremost in our minds. We all want to do our part to bring comfort to those who have lost a loved one. This sentiment has particular resonance for the insurance industry, as it is our most important responsibility to be of assistance to families at this difficult time. We welcome this opportunity to reassure you and the American public that we are fully prepared to meet all of our obligations. In addition, our financial soundness and the dedication of our employees has enabled us not only to assist quickly those directly affected by this tragedy, but also to continue to invest in the economic future of this country.

MetLife was founded in 1868, and today we are the largest U.S. life insurer, with \$2.2 trillion of life insurance in force. We are also the largest provider of group life insurance, managing programs for 33,000 employers, covering over 21 million participants. Included in this total are the 2.6 million participants of the Federal Employees Group Life Insurance program (FEGLI). Approximately 9 million households, or 1 of every 11 U.S. households, are individual MetLife customers. The life insurance companies in the MetLife family include Metropolitan Life Insurance Company, New England Life Insurance Company, General American Life Insurance Company, Paragon Life Insurance Company, and Texas Life Insurance Company.

MetLife is headquartered in New York City, with over 3,000 employees in offices in the five boroughs. As a result of the attacks on the World Trade Center, we have suffered the loss of two employees from a sales office located in one of the towers. Other associates have lost family and friends. For all of us, the devastation of lower Manhattan is close to home, and its magnitude is difficult to grasp. Like those of you who live or work in Washington, D.C., we feel keenly the shock and the sadness that reverberated throughout the country on September 11th. To help our employees cope with the emotional aftereffects of the attacks, MetLife arranged for trauma and grief counselors to be available at sites in New York City, Jersey City, New Jersey and Johnstown, Pennsylvania.

During this time of crisis, our employees rose to the occasion, and our critical business went on without interruption. We quickly took steps to make it easier for the families of victims with MetLife policies to access needed funds. We waived the traditional requirement for a death certificate, relying on an airplane passenger manifest or a communication from the employer. Over \$53 million has already been approved for payment to beneficiaries, with the first payment being authorized three days after the tragic events.

A significant number of MetLife's policyholders in the World Trade Center were insured through group life insurance programs. We are working closely with employers affected by the disaster to process life insurance claims quickly. This includes the FEGLI program, which covers some of the individuals in the Pentagon. For group life insurance, the employer typically keeps the records of beneficiaries. In the event that an employer's beneficiary designation records are lost or destroyed, there may be alternative sources to verifying beneficiary designations. In addition, many group life insurance policies have what is known as a "facility of payment" clause which permits insurers to pay benefits to the employee's spouse, children or estate (generally in that order) if no beneficiary was designated by the employee.

Even before we were contacted by beneficiaries, we began to determine from employers if the individual was at work on September 11th. Additionally, our Institutional Business area, which handles group life claims, is sharing employer certifications of eligibility with our Individual Business claim team, so they may also process individual claims on behalf of the same insured.

MetLife established 1-800-MET-LIFE as a general number for affected individuals to call to provide a central gateway on handling all claims related to this tragedy. This will be especially helpful when an individual has both group and individual life coverage with MetLife.

MetLife's Institutional Business area has also established a Special Life Claims Center, staffed with a senior team of experienced claims professionals, to process all life claims related to the tragic events of September 11th for our Institutional customers and their employees.

In addition to fulfilling as quickly as possible our financial commitments to our policyholders, as a company and as individuals we are offering our assistance in other ways. In every operation of MetLife, people have extended themselves to customers, their communities and their fellow employees. Like many other Americans, MetLife people have given blood, money, time and supplies in abundant quantities. In fact, as we speak, a blood drive is being conducted at our Home Office in Manhattan.

MetLife has teamed with other insurance companies to have representatives at New York City's Family Assistance Center, providing relatives or loved ones of victims of the tragedy with assistance, support and counseling from 8:00 AM to 12:00 Midnight, seven days per week. Our MetLife Foundation has made a \$100,000 contribution to the American Red Cross Disaster Relief Fund, and is matching employee contributions to the fund, up to \$5,000 per employee. In addition, in

recognition of those who bravely assisted in the rescue and recovery efforts, the Foundation is making a \$1 million contribution to the families of the fallen police, firefighters, emergency medical services personnel, and other rescue workers.

As the nation moves to assess the impact of the attacks and plan its recovery, it is understandable that one of the concerns that has arisen is the immediate and long-term financial well-being of the insurance industry. We currently estimate MetLife's after-tax losses related to the disaster at \$250 million to \$300 million. These losses will reduce our earnings per share by 35 to 40 cents for the third quarter of 2001.

While MetLife's exposure is substantial, we are more than capable of sustaining the losses. We are a strong company, with approximately \$255 billion in total assets. We also count as a source of strength our domestic regulator, the New York State Insurance Department, whose ongoing oversight of insurers doing business in the state has created a financially sound marketplace. I would like to take this opportunity to commend the Department under the leadership of Superintendent Greg Serio for their actions during this crisis -- getting back to business the day after the disaster, arranging for insurers to be present at New York City's Family Assistance Center, and generally working with the industry on ways of expediting claims payment.

MetLife has been paying claims for 133 years without interruption, through other challenging periods of our nation's history, including two World Wars and the Great Depression. The most difficult aspect of this tragedy is our sadness at the significant loss of human life, and not its financial impact. There should be no question of our intent and ability to honor our obligations to our policyholders in this moment of need.

The attacks on the World Trade Center and the Pentagon have also raised questions about the industry's preparedness to recover from a disaster affecting our facilities. MetLife has the people, processes, and

systems in place to ensure that we can continue to service our customers even if a natural or manmade disaster were to strike one or more of our offices.

Disaster recovery and business continuity plans are in place for each of our technology centers. This includes our mainframe data center, distributed technology centers, our printing and mail centers, as well as our data and voice networks. These plans are tested regularly at designated offsite locations. Plans have also been completed and tested for all of our core business unit sites as well to ensure the continuity of those operations in the event of the loss of a major business center.

During the disaster at the World Trade Center, we implemented a number of elements of our disaster recovery plans. First, we readied an alternate business site facility, equipping it with computer and telecommunications services, in case we needed to relocate units from the New York area. Additionally, we re-established the sales office in the World Trade Center in an alternate facility.

The safety of our employees is always given the highest priority. After the September 11th attacks, an internal crisis management committee met continuously to ensure that employees were kept safe and fully informed of our contingency and disaster recovery efforts. This committee, comprised of representatives from all business areas, was in constant communication with our Executive Group about the policyholder and employee issues that needed to be addressed.

Our primary focus at this time is on paying claims to the beneficiaries of the victims of the attacks. However, we have also taken to heart the words of our government leaders, encouraging us to look to the future and to take the necessary steps to heal and strengthen this nation economically. We announced last Friday that we invested \$1 billion in a broad array of publicly traded common stocks, as part of a program to increase significantly our investment in the public equity

markets. We made this move because we have enormous confidence in the resilience of our country and its economy.

Those of us in the insurance industry recognize that the business of processing and paying claims promptly, assisting customers with decisions, and continuing to strengthen our companies financially are critical elements in helping our country face this crisis. The foundation of our industry is the promise to our policyholders that we will be there in their time of need. By honoring this commitment, we hope to do our share to help our nation recover.

Thank you. I will be happy to answer any questions at the appropriate time.